

CO-OPERATIVE FEDERATION OF AUSTRALIA INC.

MINUTES AND REPORT OF THE

COUNCIL MEETING

HELD AT

MASTER BUTCHERS LTD.

432 CHURCHILL ROAD, KILBURN, S.A.

COMMENCING AT 9.30 A.M. WEDNESDAY, 27TH FEBRUARY, 1985.

1/85 Present:

R.J.T. Bourne (President)
A.T. Poustie (Vice President)
B.H. Macintosh
B. Powell
A.R. Ison
N. Carruthers
D. Beeton
B.W. Freeman (Executive Officer)

2/85 In Attendance:

A. Miller E.O. Victoria
J. Grossman Federation Economist (NSW)

3/85 Welcome:

The Chairman formally opened the meeting and welcomed Councillors. A special welcome was extended to Tom Drinkwater, Duncan Beeton, Tony Miller and Joseph Grossman.

Councillors endorsed the Chairman's expression of appreciation to the South Australian Federation for their hospitality in hosting the dinner the evening before. Also for the invitation to attend their State's Council Meeting.

The Chairman also extended a thank you to Master Butchers Ltd. for the use of their Board Room.

4/85 Apologies:

J. Rigby
O. Slattery
H. McIntyre

5/85 Casual Vacancies:

The following resignations from Council were accepted:

Mr. R. Salisbury (W.A.)
Mr. R. Ison (NSW)
Mr. N. Black (Vic.)

Resolved:

"That the following nominations be accepted:

Mr. T. Drinkwater (W.A.)
Mrs. H. McIntyre (NSW)
Mr. O. Slattery (Vic.)

Mr. T. Poustie advised that he had tendered his resignation from Co-operative Bulk Handling and from C.F.W.A. and it was the intention of C.F.W.A. following their conference, to nominate a replacement on this Council. Therefore, Mr. Poustie said that he would stand down as Vice President and that to take effect when Council deemed appropriate.

It was agreed that the office of Vice President be dealt with immediately and the resignation of Mr. Poustie as Vice Present be accepted.

The Chairman said it was with regret that he learnt of Mr. Poustie's resignation and that he was appreciative of the support and council that Trevor had given him over the last two years.

Council acknowledge the contribution given by Mr. Poustie and wished him well in his new position as General Manager, Fremantle Port Authority. A vote of thanks was carried by acclamation.

The Chairman called for nominations to fill the vacany of Vice President.

Mr. N. Carruthers was nominated and as their were no further nominations, the Chairman declared Mr. Carruthers elected.

6/85 Minutes:

It was noted that the intention behind Item 24/84(iv)(c) was for ACCECC '87 to make a donation to the Western Australian Federation of \$6,000 for payment to the Co-operative Federation of Australia.

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Mr. Drinkwater in his capacity as Executive Chairman, ACCECC '87 advised that he did not agree with what was reported in the Minutes and that whether Mr. Sutherland said what was reported or not he had no authority to commit upfront funds. The figure of \$100,000 was never discussed. The other statement of \$10,000 towards the national magazine was a misrepresentation and what was intended was that the two contributions to I.C.A. (total \$6,000) funds to send the President C.F.A. to Hamberg to attend the I.C.A. Congress and two air fares to Perth covering the President and Executive Office to ascertain what was occurring with ACCECC '87.

Following discussions the Chairman, Mr. Bourne, drew Councillors attention to the fact that the meeting must address itself to the writing of the Minutes and Councillors should get clear in their minds what was said at the last meeting. Mr. Bourne said that the Minutes must be a true and correct record of proceedings.

After further discussion, it was

Resolved:

"That the Minutes and Report of the Council Meeting held on Thursday 20th September, 1984, as previously circulated, is hereby confirmed as a true and correct record and be signed by the Chairman".

7/85 Chairman's Report:

In giving his report, Mr. Bourne said that it was extremely important that the C.F.A. be included in the I.C.A. Congress. It was an education to witness the running of the Congress and placed us in a position of ensuring our World Conference was operated in an efficient and professional manner.

Items of importance were the moving away from the Socialist/Welfare mentality to the need to develop through trade, strong links internationally between Co-operatives.

The Chairman thanked Council for allowing him to be part of the Congress and for being this Federation delegation. The discussions he had with Mr. Beasley, the new Director General, I.C.A., were not of a specifically formal nature but was suggested that we prepare and submit a formal request to I.C.A. during February/March to hold the World Conference.

The Council were informed that large Co-operatives throughout the world are direct members of I.C.A. and pay upwards of \$60,000 to \$70,000 in subscriptions for the well being of the I.C.A.

Mr. Drinkwater was asked to give his views on the I.C.A. Congress and their presentation of ACCECC '87.

Mr. Drinkwater said that he went to Hamberg several weeks ahead of the actual Congress meeting because the Congress is only a very minor part of the actual meetings. He referred to all the international organisations that affiliate with the I.C.A. as the I.L.O, Federation of Insurance Ltd. which have millions of members on their own.

Mr. Drinkwater went on to report that the Chairman touched on a great tragedy, that was, one of the oldest leaders of the co-operative movement, I.R.U. and the biggest financiers of the movement resigned from the I.C.A. He said that it was his privilege to spend two weeks with the I.R.U. in Bonn, which included attending a Board Meeting with their Directors. Dr. Hicks who is their Chairman/President and W. Schiffkin, who is their International Director, discussed I.R.U.'s resignation with himself and Rob Sutherland. The reason behind the I.R.U. decision was the direction I.C.A. had taken. Also under discussion was the coming event and he said to them would they come if we invited them, ex gratia. Their response was that they would be delighted to attend any event that was held in Australia. It was suggested that I.R.U. participation may cause some technical problems for I.C.A. because of I.R.U.'s non membership, but Mr. Drinkwater felt that it is a World Co-operative Conference and to exclude one third of the worlds co-operative movement would be stupid.

Dr. Hicks did say however, if they saw a change in direction of the I.C.A., I.R.U. would not be adverse to changing their decision and rejoin the I.C.A.

Mr. Drinkwater reminded Councillors that the C.F.A. was only asked to organise the World Conference programme and that the Western Australian Federation was the host.

Councillors were also advised that the World Conference has nothing to do officially with I.C.A. The only official meetings are the four yearly Congress.

With regard to Central Committee voting at the I.C.A., the rules state that delegates nominated to the Congress each four years, can be elected to the Central Committee and hence as there were two Australians present and we were entitled to three votes, both were elected. It was one of those administrative things, they did not formally elect delegates if you happened to be there you were appointed to the Central Committee.

Mr. Drinkwater continued and gave an overview of the World Conference.

Resolved:

"That the Report be received".

Mr. Poustie submitted that by endorsing the Chairman's Report we are in fact endorsing the new direction of I.C.A.

A further Report was given by Mr. Drinkwater covering the following:-

The Central Committee of the I.C.A. during the Hamberg Congress discussed the direction for the next four years and covered four areas. One was trading nationally and internationally between co-operatives, another was communications between co-operatives. The Congress saw communications as a vital line and all the modern technological advances were to be encouraged.

Another important decision was that the official language is now English and all communications etc. will be in English.

Resolved:

"That this Federation endorses the change in direction of the I.C.A."

8/85

Executive Officer's Report:

i) Co-operative Bank

Following communications with Government and the current position of the C.F.A. and following discussions with Ray Warne, it seemed inappropriate that we pursue the strategy of holding a conference at which we invite key people from overseas co-operative banks.

It was recommended that we should remain committed to obtaining a banking licence for the co-operative movement and that the Committee remain in place. Its role would be to continue to monitor the situation.

ii) Travel Insurance

A query was raised with regard to the "nominated" member of Council and the possibility of alternate Councillors not being covered. The Executive Officer undertook to clarify the position.

iii) Farmer Co-operative Services

The Executive Office in reply to questions advised:

- (a) That the initiative to hold a meeting in the Federation's office was taken by the Agricultural Council and not the C.F.A.
- (b) The draft submission prepared for presentation to the Agricultural Council was not written by the C.F.A.

Mr. Drinkwater expressed very strong concern on behalf of the Western Australian Chairman, the meetings held in C.F.A. offices did not include representatives of all State Federations. The offices of the C.F.A. are not an exclusive club for one or two States. He also said the any meetings of the C.F.A., whether official or not, should include representatives of all State Federations.

The Executive Officer advised that the C.F.A. was very fortunate at being invited to attend, as observers, the meeting covered by representatives of the Agricultural Council.

The Federal Government itself, through it's officers, decide who can attend their meetings and where they will be held, however every avenue was explored to have other State Federation Executive Officers invited.

Mr. Poustie was requested to convey the meetings views on the issue to the Western Australian Council.

iv) International Co-operative Trading Organisation

The Executive Officer gave an overview of the history and current position of I.C.T.O. Following discussion, it was

Resolved:

- (a) "That legal advice be obtained to ensure that no personal liability would be transferred by the appointment of a new director on I.C.T.O. to replace E.J. Herring."

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- (b) "That the Chairman, Mr. Bourne, be appointed Director to replace Mr. Herring, subject to legal advice showing no personal liability."
- (c) "That the C.F.A. agrees to the orderly winding up of I.C.T.O."

v) Meetings

Resolved:

- (i) "That Meetings of the C.F.A. Council be a minimum of twice per year."
- (ii) "That the Meetings be held on the fourth Wednesday of February and the fourth Wednesday of August."
- (iii) "That the above resolution be subject to change to ensure that the Council Meetings in Perth 1987 coincide with the running of the America's Cup and the World Conference."

It was agreed that the following timetable be followed:

August, 1985	Victoria
February, 1986	New South Wales
August, 1986	Queensland
January, 1987	Western Australia
August, 1987	South Australia

vi) Membership

Resolved:

- (a) "That the C.F.A. terminates it's membership of the Australian Federation of Consumer Organisations and the Small Business Organisation of Australia forthwith."
- (b) "That membership in the International Raffeision be renewed and that the subscription of approximately \$520.00 be paid."

vii) Staff Changes

Resolved:

- (a) "That the Chairman attend the farewell Dinner for Mr. W. Rawlinson hosted by the Victorian Federation."

- (b) "That a suitable gift be obtained for presentation on behalf of the C.F.A."

A pen and pencil set was suggested and it was agreed that the Chairman make that presentation on behalf of the Council.

Resolved:

"That the Executive Officers Report be adopted."

9/85 Restructure:

The Chairman called for comments and views from Councillors relating to the proposals put to the last meeting of Council.

Consensus was for the C.F.A. to remain as structured, that is, for membership to be State Federations and not direct membership.

Resolved:

- (i) "That the matter of restructuring the C.F.A. has had sufficient consideration and therefore the Executive Officer is instructed to remove the issue from the C.F.A. Agenda."

In lieu of the above discussion, it was suggested that State Federation give serious consideration to adequately fund the C.F.A.

It was acknowledged that the C.F.A. had, for the first time in many years, a common purpose, a common objective or cause to fight and that was taxation. As a result of this exercise, interest will be stimulated at a state and national level which will lead to more funds.

It was also reported that State Ministers were meeting with a view to amending Co-operative Legislation and this was another important area for the C.F.A. involvement.

As a group of state representatives, all believed and understood that money was needed to achieve objectives and it will be interesting to find out the support, on a state level, to the call for funds on the taxation issue.

It was agreed that Council will have a greater understanding of the commitment of Co-operatives following the taxation summits and be in a better position to look at restructuring.

Resolved:

- (ii) "That each State Federation prepare a blue print on how their Board saw a restructured National Federation operated."

The following motion was put and lost - that the States complete their submissions and submit them to the Executive Officer for circulation by 14th July, 1985 for submission and consideration at the August, 1985 Council Meeting.

Resolved:

- (iii) "That States complete their submissions and submit them to the Executive Officer for circulation by 14th December, 1985."
- (iv) "That the State submissions be considered at the February, 1986 Council Meeting."
- (v) "That in view of the above decisions, Motion 9/85(i) be rescinded."

10/85 Luncheon:

The meeting adjourned for lunch at 12.30 p.m.

11/85 ACCECC '87 World Conference:

Mr. Drinkwater was invited to address the meeting.

He advised that they had been forced by the legal requirements to keep all liabilities away from co-operatives and they have become a unit trust. Through that they have, in conjunction with the W.A. Federation, made co-operative agents and the Federation itself a consultant.

Mr. Drinkwater outlined the commission structure to apply on ticket sales on the ship during 1986/87. Also the Board structure of ACCECC.

Looking to the marketing, Mr. Drinkwater said that this would be in full swing from March and issued Councillors with a copy of the programme. He went on to outline the marketing strategies and also the functions to be organised by ACCECC. These include the America's Cup Ball and Trade Fair.

Mr. Drinkwater advised that they have had discussions with State and Federal Governments and that dates had been set for the World National Conference.

At the conclusion of Mr. Drinkwater's address, the Executive Officer was requested to make comment and in support of the need by the C.F.A. to adopt a timetable, Mr. Freeman distributed to Councillors a programme for adoption.

Mr. Drinkwater asked the Chairman if he could make a few comments, not as a Councillor, but as Chairman of ACCECC. He said he was gratified with the proposal as it was first class thinking, not because of the compliment that it pays ACCECC. First of all there are a couple of things which they may be able to help with. There will be obviously contact with airlines and the like; he would like to remind Councillors that we have obligations to two particular airlines, so yes there would be no problems as they have undertaken to fund a lot of things for us, so long as we realise that we must not break some of the contractual arrangements, which we have made to get the project this far.

Resolved:

- i) "That the C.F.A. hold a National and a World Conference in Perth 1987."
- ii) "That the C.F.A. itself take control in concert with ACCECC, to organise, contact I.C.A. and Co-operatives throughout Australia and the Government for the International and National Conferences."
- iii) "That a sub committee is hereby established consisting of Messrs. Bourne, Macintosh and Carruthers to take full control of the proposed National and International Conferences and to do whatever is necessary to bring to fruition a successful programme for 1987."
- iv) "That the special contribution paid by ACCECC through the C.F.W.A. of which \$6,000 is to be used to pay membership in the I.C.A. for the years 1984 and 1985."

Clarification of the sum of money C.F.A. was to receive was made by Mr. Drinkwater, being \$10,000 which included the \$6,000 subs to I.C.A. and the air fares to Perth from Sydney for Messrs. Bourne and Freeman. The \$100,000 mentioned was a likely figure C.F.A. could expect from the sale of tickets on the ships.

A letter from ACCECC Board to confirm the above was given to the Chairman.

Following discussions on membership of the I.C.A. and I.R.U., it was

Resolved:

"That Mr. Drinkwater is this Federation's nominated delegate to the I.R.U."

Mr. Poustie requested clarification on two issues:

- a) Mr. Drinkwater said that members of each State Federation are being appointed as agents. Does that mean that ACCECC have made direct communications to individual Co-operatives in each State? Or is all the communication on ACCECC '87 going through the State Federations.

Mr. Drinkwater's reply was: Through the State Federation's, that is the only person that they are dealing with. Not unless the States ask them to deal with Co-operatives.

Resolved:

"That the C.F.A. accepts the appointment as consultant and in turn appoints each State Federation as it's agents for the purpose of ticket sales."

"That the sub committee, as part of it's budgeting, to decide how to apportion those commissions on ticket sales."

- b) Mr. Poustie said he was not able to identify where Mr. Drinkwater had been appointed delegate of C.F.A. to I.C.A., other than under general discussion.

It was acknowledged that Mr. Drinkwater was not a delegate to I.C.A. and the Minutes to date confirm that fact.

Resolved:

"That the previous nominations of delegates to the I.C.A. be rescinded and that Mr. Bourne, as Chairman and Mr. Drinkwater, as Councillor, be nominated as this Federation's delegates to I.C.A."

12/85 Taxation:

The Executive Officer advised Councillors that this Federation mindful of its mandate from, and its responsibility to, the Australian Co-operative sector has acted in both a positive and responsible manner to inform the government and the State Federations of it's commitment to represent all co-operatives at the proposed Tax Summit.

There are two sections of the taxation act that directly affect co-operatives. They are Division 9 and 23G.

Our aim is to, at worst, retain current taxation recognition. At best to have legislation enacted to reflect the operations of present day and future co-operatives.

Our strategy is to call summits in all states culmination in a national summit in Canberra week commencing 6th May, 1985. The objectives of these summits will be:-

- (a) to inform and seek information from co-operatives relative to taxation;
- (b) to discuss impacts of possible changes;
- (c) to take advantage of an opportunity to bring about unity within the co-operative sector.

Our Actions To Date

- (a) Written to the Prime Minister, Mr. Hawke and Treasurer, Mr. Keating.
- (b) Notified all State Federations including a personal visit to states to discuss the matter.
- (c) Held discussions with the National Credit Union Association and the Permanent Building Societies Associations of N.S.W.
- (d) Circularised (through State Federations) member co-operatives.
- (e) Held discussions with E.P.A.C.

Cost

We estimate that it will cost at least \$60,000 to prepare and stage our summits, our submissions and employ outside assistance.

Method of collection:- The C.F.A. will levy direct, all co-operatives throughout Australia.

Mr. Freeman outlined the role of the Economic Planning and Advisory Committee and said that a preliminary submission would go to E.P.A.C. prior to the 15th March, 1985 with the final submission submitted prior to 3rd May.

In reply to a question on the role of the Summits in the various States, particularly the Canberra Summit, from Mr. Poustie, Mr. Freeman advised that the role of the State Summits was for the C.F.A. to gain information from Co-operatives and to outline our strategies. As the submission on the 15th March was a preliminary document, the final one would be amended to reflect matters of a significant nature, not addressed in our preliminary proposals. The Canberra Summit was designed purely as a flag waving exercise to the Federal Government. We must be recognised as representing the co-operative sector.

The following, as a tentative outline of headings for the C.F.A. submission to E.P.A.C. and the Federal Government on the taxation position of the Australian Co-operative sector, was submitted to Councillors.

- 1) Introduction - identify co-operative sector.
Provide statistics on turnover, membership, assets, surplus and payment of rebates, bonuses and dividends, if available.
 - 1.1) Size of sector
 - 1.2) Various types of co-operatives
 - 1.3) Brief history of development of Australian Co-operative sector
- 2) Definition of a co-operative - clarification of what constitutes a co-operative.
 - 2.1) Principles which define a co-operative
 - 2.6) Basic definition
 - 2.7) Unique economic structure and purpose
 - 2.8) Services and benefits provided by co-operatives
- 3) Definition of co-operative structure in Australia as it relates to the C.F.A. - explanation of role of C.F.A. as apex co-operative organisation, representing co-operatives at the national level.

Individual Co-operatives

State Federations

C.F.A.

- 4) Describe co-operative role in the Australian economy.
 - 4.1) Reiterate economic structure
 - 4.2) Role of co-operatives in a 3 sector economy
 - Public
 - Private
 - Co-operative
 - 4.3) Provision of statistical data displaying co-operative contribution to the Australian economy, if this data is available.
- 5) Define current co-operative taxation position - stress ongoing government recognition of the co-operative sector's unique structure and characteristics, which has determined the current co-operative taxation position, and the principle of mutuality.
 - 5.1) State current taxation position as provided for in Division 9 and Section 23G
 - 5.2) Explain Division 9
 - 5.3) Explain Section 23G
 - 5.4) Provide example of how this impacts on the individual co-operative members
 - 5.5) Discussion of taxation position of co-operatives in other countries
- 6) State taxation policy recommendations of co-operative sector for consideration by the Federation Government.
 - 6.1) Reiterate justification for retention of current position, as minimally acceptable to the co-operative sector.
 - 6.2) Propose changes in taxation legislation which will more accurately reflect the unique structure of co-operatives. These changes are to be determined through discussion at the upcoming co-operative summits and from forthcoming submissions from individual co-operatives.

The Chairman opened the meeting to general discussion.

S.A. View was of strong support as many co-operatives would be adversely affected if Division 9 was repealed.

- VIC. The issue of diversity of size and type of co-operatives was raised and in response Mr. Freeman said that we, in our submission, were arguing the case for the economic structure of a co-operative, not the type nor size.
- QLD. What other tax issues do we see that need addressing, like retention of earnings and do we envisage other matters being raised at the various State Summits. In response, Mr. Freeman said that we are only addressing Division 9 and 23G, because that is the only mandate of the C.F.A. Other associations will no doubt address other issues, like capital gains, death duties etc.
- NSW Had nothing to add other than to stress the importance of the exercise and to reiterate N.S.W. support to what has been said.
- W.A. They were going to put the matter before their Annual Congress and ask for opinions. They do not see it as a cut and dried issue and they are going to wait until they see what their members say. They do not see that C.F.A. goes direct to their members and solicit donations and that it should be done through the State Federation. They also do not see the need for four people to come over to W.A. and believe it an unnecessary expense. In W.A. the Government is financing several taxation meetings and it would be wise to request a grant and have the project funded by Government. However, the above thoughts are those of the W.A. Executive and the matter will be put to the membership at conference.

The Chairman expressed concern over the views of W.A. as spelt out by Mr. Drinkwater and requested that he relate the support and commitment on this issue by all other states to his Council.

Mr. Freeman tabled a preliminary budget on how the \$60,000 would be spent in running the Summits. A copy was given to each Councillor.

13/85 Financial Reports:

A request was made to annual subscriptions as an Agenda item for the August Council Meeting.

Resolved:

"That the Financial Report including the Income and Expenditure Statements and Balance Sheet be adopted."

14/85 State Reports:

A request was made by the Executive Officer for States to supply at each Council Meeting a written report on the activities of their State. This could be as small as one page.

15/85 I.C.A. Report

The Executive Officer advised that Joseph Grossman of the N.S.W. Federation was handling international communication on behalf of the C.F.A.

It was noted that Messrs. Bourne & Drinkwater would attend the I.C.A. Meeting in Washington during October, 1985.

Should the N.S.W. Federation decide to fund Mr. Freeman's travel expenses to Washington, Councillors agreed that was a domestic matter and they would have no objections.

Mr. Drinkwater sought support from Councillors for a contingency fund to pay expenses for the Chairman, Mr. Bourne, to go to Washington, should ACCCECC not agree to finance his travel and accommodation expenses.

Mr. Freeman said that if the International Conference was to go ahead, the funding of Mr. Bourne's trip to Washington would be provided for in the budget.

With the above inclusions, it was

Resolved:

"That the report be adopted."

16/85 General Business:

The Chairman called for general business. As there was none, he closed the meeting at 4.15 p.m.

Date:

Signed:
Chairman